



**FORMOSA PROSONIC INDUSTRIES BERHAD (172312-K)**  
**INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2012**  
(The figures have not been audited)

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Individual quarter		Cumulative quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding quarter
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
Revenue	201,737	135,138	356,694	258,373
Cost of sales	(178,454)	(124,804)	(322,155)	(237,901)
Gross profit	23,283	10,334	34,539	20,472
Other income	1,505	884	4,363	3,035
Distribution costs	(6,236)	(5,512)	(11,598)	(10,973)
Administrative expenses	(3,841)	(2,942)	(7,023)	(5,855)
Other expenses	(1,656)	(2,450)	(3,907)	(4,515)
<b>Profit from operations</b>	<b>13,055</b>	<b>314</b>	<b>16,374</b>	<b>2,164</b>
Finance costs	(50)	(57)	(99)	(111)
Share of profit in an associate	855	737	1,836	903
<b>Profit before tax</b>	<b>13,860</b>	<b>994</b>	<b>18,111</b>	<b>2,956</b>
Tax expense	(2,041)	(524)	(3,496)	(1,561)
<b>Profit for the period</b>	<b>11,819</b>	<b>470</b>	<b>14,615</b>	<b>1,395</b>
<b>Profits attributable to:</b>				
Owners of the parent	10,360	1,071	13,322	3,130
Non-controlling interests	1,459	(601)	1,293	(1,735)
	<b>11,819</b>	<b>470</b>	<b>14,615</b>	<b>1,395</b>
<b>Earnings per share (sen)</b>				
Basic	4.2	0.4	5.4	1.3
Diluted	4.2	0.4	5.4	1.3

(The notes set out on pages 6 to 13 form an integral part of and should be read in conjunction with this interim financial report.)



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**INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2012**  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual quarter		Cumulative quarter	
	Current year quarter 30/06/2012 RM'000	Preceding year corresponding quarter 30/06/2011 RM'000	Current year to date 30/06/2012 RM'000	Preceding year corresponding quarter 30/06/2011 RM'000
<b>Profit for the period</b>	<b>11,819</b>	<b>470</b>	<b>14,615</b>	<b>1,395</b>
<u>Other comprehensive income / (loss), net of tax</u>				
Currency translation difference	1,873	662	(390)	(110)
Share of associate's other comprehensive income	(19)	(171)	(142)	(208)
<b>Total comprehensive income</b>	<b>13,673</b>	<b>961</b>	<b>14,083</b>	<b>1,077</b>
<b>Profits attributable to:</b>				
Owners of the parent	11,470	1,301	12,932	2,833
Non-controlling interests	2,203	(340)	1,151	(1,756)
	<b>13,673</b>	<b>961</b>	<b>14,083</b>	<b>1,077</b>

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**INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2012**  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 30/06/2012 RM'000	As at 31/12/2011 RM'000
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	79,809	83,299
Prepaid land lease payment	18,788	18,948
Intangibles assets	267	267
Investment in an associate	39,914	40,542
	<b>138,778</b>	<b>143,056</b>
Current assets		
Inventories	58,614	54,422
Trade and other receivables	161,019	107,286
Current tax assets	1,132	736
Short term funds	27,157	41,886
Cash, bank balances and deposits	60,218	57,673
	<b>308,140</b>	<b>262,003</b>
<b>TOTAL ASSETS</b>	<b>446,918</b>	<b>405,059</b>
<b>EQUITY AND LIABILITIES</b>		
Equity		
Share capital	123,005	122,982
Reserves	101,435	98,343
	<b>224,440</b>	<b>221,325</b>
Equity attributable to equity holders of the Company	224,440	221,325
Non-controlling interests	39,483	38,332
<b>Total equity</b>	<b>263,923</b>	<b>259,657</b>
Non-current liabilities		
Long term borrowings	66	85
Deferred tax liabilities	2,793	2,517
	<b>2,859</b>	<b>2,602</b>
Current liabilities		
Trade and other payables	177,528	139,359
Derivative financial instruments	461	1,271
Short term borrowings	67	68
Taxation	2,080	2,102
	<b>180,136</b>	<b>142,800</b>
<b>Total liabilities</b>	<b>182,995</b>	<b>145,402</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>446,918</b>	<b>405,059</b>
Net assets per share attributable to owners of the parent (RM)	0.91	0.90

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**INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2012**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	30/06/2012	30/06/2011
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	18,111	2,956
Adjustments for:		
Depreciation	5,282	4,523
Other non-cash items	(3,685)	(453)
	<u>19,708</u>	<u>7,026</u>
Operating profit before working capital changes	19,708	7,026
Net changes in working capital	(19,719)	(14,910)
	<u>(11)</u>	<u>(7,884)</u>
Cash used in operations	(11)	(7,884)
Other payments	(34)	(44)
Taxes paid	(3,637)	(1,630)
<b>Net cash used in operating activities</b>	<b>(3,682)</b>	<b>(9,558)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Equity investment by non-controlling interest	-	9,900
Interest received	477	735
Purchase of property, plant and equipment	(1,704)	(1,580)
Prepaid land lease payment	-	(19,124)
Dividend received from an associate	2,322	1,625
Short term funds	(4,037)	5,390
Proceeds from disposal of property, plant and equipment	88	58
<b>Net cash used in investing activities</b>	<b>(2,854)</b>	<b>(2,996)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of new shares	23	159
Repayment of borrowings	(23)	(4)
Dividend paid	(9,840)	(14,747)
<b>Net cash used in financing activities</b>	<b>(9,840)</b>	<b>(14,592)</b>
	<u>(16,376)</u>	<u>(27,146)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,376)	(27,146)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>		
As previously reported	99,559	91,246
Effect of exchange rate changes	155	241
	<u>99,714</u>	<u>91,487</u>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>83,338</b>	<b>64,341</b>

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FORMOSA PROSONIC INDUSTRIES BERHAD (172312-K)  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital RM'000	Share premium RM'000	Non-distributable				Distributable			Equity attributable to equity holders of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
			Capital reserve RM'000	Property revaluation surplus RM'000	Exchange fluctuation reserve RM'000	Available for-sales reserve RM'000	Retained profits RM'000					
Balance as at 1 Jan 2012	122,982	994	1,259	1,414	3,551	268	90,857	221,325	38,332	259,657		
Total comprehensive income	-	-	-	-	(248)	(142)	13,322	12,932	1,151	14,083		
Issue of new shares arising from ESOS	23	-	-	-	-	-	-	23	-	23		
Dividend in respect of financial year 2011	-	-	-	-	-	-	(9,840)	(9,840)	-	(9,840)		
<b>Balance as at 30 June 2012</b>	<b>123,005</b>	<b>994</b>	<b>1,259</b>	<b>1,414</b>	<b>3,303</b>	<b>126</b>	<b>94,339</b>	<b>224,440</b>	<b>39,483</b>	<b>263,923</b>		
Balance as at 1 Jan 2011	122,824	994	1,259	1,414	669	571	93,193	220,924	26,612	247,536		
Total comprehensive income	-	-	-	-	(90)	(208)	3,131	2,833	(1,756)	1,077		
Issue of new shares arising from ESOS	159	-	-	-	-	-	-	159	-	159		
Equity investment by non-controlling interest	-	-	-	-	-	-	-	-	9,900	9,900		
Dividend in respect of financial year 2010	-	-	-	-	-	-	(14,747)	(14,747)	-	(14,747)		
<b>Balance as at 30 JUNE 2011</b>	<b>122,983</b>	<b>994</b>	<b>1,259</b>	<b>1,414</b>	<b>579</b>	<b>363</b>	<b>81,577</b>	<b>209,169</b>	<b>34,756</b>	<b>243,925</b>		

(The notes set out on pages 6 to 13 form an integral part of and should be read in conjunction with this interim financial report)



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE  
PERIOD ENDED 30 JUNE 2012**

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**The figures have not been audited**

**1. Accounting policies**

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ("FRS") 134 "Interim Financial Reporting" and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2011.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2011.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The transition to MFRS framework does not have any financial impact to the financial statements of the Group.

**2. Audit qualification**

The audit report on the financial statements for the financial year ended 31 December 2011 was not qualified.

**3. Seasonal or cyclical factors**

Demands for speaker systems and its related products are generally seasonal and are affected by economic conditions in countries in which the products are sold.

**4. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income and cash flow for the current financial year.

**5. Changes in estimates of amount reported**

There were no significant changes in estimates of amount reported in prior interim period or prior financial year that have a material effect in the current financial year.



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012**

The figures have not been audited

**6. Issuance and repayment of debt and equity securities**

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares for the financial year to date, other than 45,600 ordinary shares of RM0.50 each issued under the Company's Employee Share Option Scheme.

**7. Dividend paid**

	Current year to date RM'000	Preceding year RM'000
First interim single tier of 4 sen per ordinary share of RM0.50 each for the financial year ended 31 December 2011 (31 December 2010 : 6 sen per ordinary share)	9,840	14,747

**8. Segmental reporting**

The Group's operations by geographical segments were as follows:-

	Malaysia RM'000	Asia RM'000	UK RM'000	Elimination RM'000	Total RM'000
<b>6-month ended 30-6-2012</b>					
<b>Revenue</b>					
External	268,209	86,536	1,949		356,694
Inter-segment sales	23,012	9,858	-	(32,870)	-
Total revenue	291,221	96,394	1,949	(32,870)	356,694
<b>Results</b>					
Segment results	14,820	2,685	(592)	(539)	16,374
Finance cost	(68)	(27)	(4)	-	(99)
Share of result in an associate	1,836	-	-	-	1,836
Profit before tax					18,111
Tax expense					(3,496)
Profit for the period					14,615



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE  
PERIOD ENDED 30 JUNE 2012**

The figures have not been audited

**8. Segmental reporting (Continued)**

	Malaysia RM'000	Asia RM'000	UK RM'000	Elimination RM'000	Total RM'000
<b>6-month ended 30-6-2011</b>					
<b>Revenue</b>					
External	175,944	79,620	2,809	-	258,373
Inter-segment sales	17,842	14,863	-	(32,705)	-
Total revenue	193,786	94,483	2,809	(32,705)	258,373
<b>Results</b>					
Segment results	7,385	(3,822)	30	(1,429)	2,164
Finance cost	(82)	(27)	(2)	-	(111)
Share of result in an associate	903	-	-	-	903
Profit before tax					2,956
Tax expense					(1,561)
Profit for the period					1,395

**9. Valuation of property, plant and equipment**

The valuations of property, plant and equipment have been brought forward without any amendments from the previous annual financial statements.

**10. Subsequent events**

There were no material events subsequent to the end of the current financial year to-date that have not been reflected in the interim financial report.

**11. Changes in composition of the Group**

There was no change in the composition of the Group for the current financial year to-date under review.

**12. Contingent liabilities or contingent assets**

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.





**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE  
PERIOD ENDED 30 JUNE 2012**

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**The figures have not been audited**

**13. Review of performance**

On a quarter to quarter basis, the Group's profit before tax was significantly higher at RM13.9 million compared to RM1.0 million in the previous corresponding quarter mainly due to higher volume in the audio business achieved in the Malaysia and China operations. In particular, improvement in the China's operations had contributed to higher profitability of the Group. The Group's performance was also aided by improvement in the smart cards operations which registered good business volume.

On a year-to-date basis, the Group's profit before tax increased to RM18.1 million from RM3.0 million in the previous corresponding period due to reasons as aforementioned.

**14. Comparison with previous quarter's results**

Sales grew 30% to RM201.7 million in Q2 2012 from RM155.0 million in the immediately preceding quarter. This has resulted in significantly higher profit before tax of RM13.9 million compared to RM4.3 million in the immediate preceding quarter.

**15. Prospects for the current financial year**

Barring unforeseen circumstances, the Directors anticipate that business prospects will remain profitable but challenging for the financial year ending 31 December 2012 given the uncertain macro-economic outlook.

**16. Deviation from profit forecast and profit guarantee**

Not applicable.



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012**

The figures have not been audited

**17. Notes to the statement of comprehensive income**

	Individual		Cumulative	
	Current	Preceding Year	Current	Preceding Year
	Quarter	Quarter	Quarter	Quarter
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after charging/(crediting):				
Income from short term funds	(63)	(193)	(188)	(506)
Interest income	(155)	(168)	(289)	(229)
Interest expenses	17	20	34	44
Depreciation and amortization	2,722	2,257	5,225	4,507
Foreign exchange gain	(1,375)	(570)	(1,591)	(1,716)
Derivatives (gain)/loss	541	694	(810)	1,124
Loss on disposal of property, plant and equipment	(9)	(59)	30	(58)
Property, plant and equipment written off	45	105	47	115

**18. Taxation**

	Individual		Cumulative	
	Current	Preceding Year	Current	Preceding Year
	Quarter	Quarter	Quarter	Quarter
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- Income tax	2,450	453	3,220	2,143
- Deferred tax	(409)	71	276	(582)
	<b>2,041</b>	<b>524</b>	<b>3,496</b>	<b>1,561</b>

The effective tax rate of the Group for the current quarter and financial year to-date is lower than the statutory tax rate mainly due to the different tax rate in foreign jurisdiction and unrecognised tax losses.



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE  
PERIOD ENDED 30 JUNE 2012**

The figures have not been audited

**19. Corporate proposals**

There was no corporate proposal announced which remained incomplete as at the date of issue of the interim report.

**20. Group borrowings (interest bearing) and debt securities**

<u>As at end of the period</u>	<b>31/03/2012</b>	<b>31/12/2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Repayable within twelve months:-		
Term loans – secured	66	68
Repayable after twelve months:-		
Term loans – secured	67	85
Total	<b>133</b>	<b>153</b>
GBP borrowings	<b>133</b>	<b>153</b>

**21. Material litigation**

There was no pending material litigation since the last annual balance sheet date.

**22. Dividend**

The Board of Directors has on 28 March 2012 paid a first interim single tier dividend of 4.0 sen per ordinary share of RM0.50 each in respect of financial year ended 31 December 2011 (2010: first interim single tier dividend of 6.0 sen per ordinary share of RM0.50 each).

[No dividend has been proposed/declared for the current quarter.]



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE  
PERIOD ENDED 30 JUNE 2012**

The figures have not been audited

**23. Earnings per share**

(a) Basic

	Individual		Cumulative	
	Current Quarter 30/06/2012	Preceding Year Quarter 30/06/2011	Current Quarter 30/06/2012	Preceding Year Quarter 30/06/2011
Net profit attributable to equity holders of the parent (RM'000)	10,360	1,071	13,322	3,130
Weighted average number of shares (*000)	246,010	245,925	245,994	245,816
Basic earnings per share (sen)	4.2	0.4	5.4	1.3

(b) Diluted

	Individual		Cumulative	
	Current Quarter 30/06/2012	Preceding Year Quarter 30/06/2011	Current Quarter 30/06/2012	Preceding Year Quarter 30/06/2011
Net profit attributable to equity holders of the parent (RM'000)	10,360	1,071	13,322	3,130
Weighted average number of shares (*000)	246,749	247,084	246,842	246,976
Diluted earnings per share (sen)	4.2	0.4	5.4	1.3



**EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE  
PERIOD ENDED 30 JUNE 2012**

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**24. Realised and Unrealised Profits**

	As At End Of Current Quarter 30/06/2012 RM'000	As At End Of Preceding Quarter 31/03/2012 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	81,615	70,974
- Unrealised	(2,472)	(2,964)
	79,143	68,010
Total share of retained profits from an associate:		
- Realised	9,144	8,184
- Unrealised	(766)	(642)
	8,378	7,542
Consolidation adjustments	87,521	75,552
	6,818	8,427
Total Group retained profits	94,339	83,979